

AB 32 Scoping Plan

Combined Heat & Power Measure

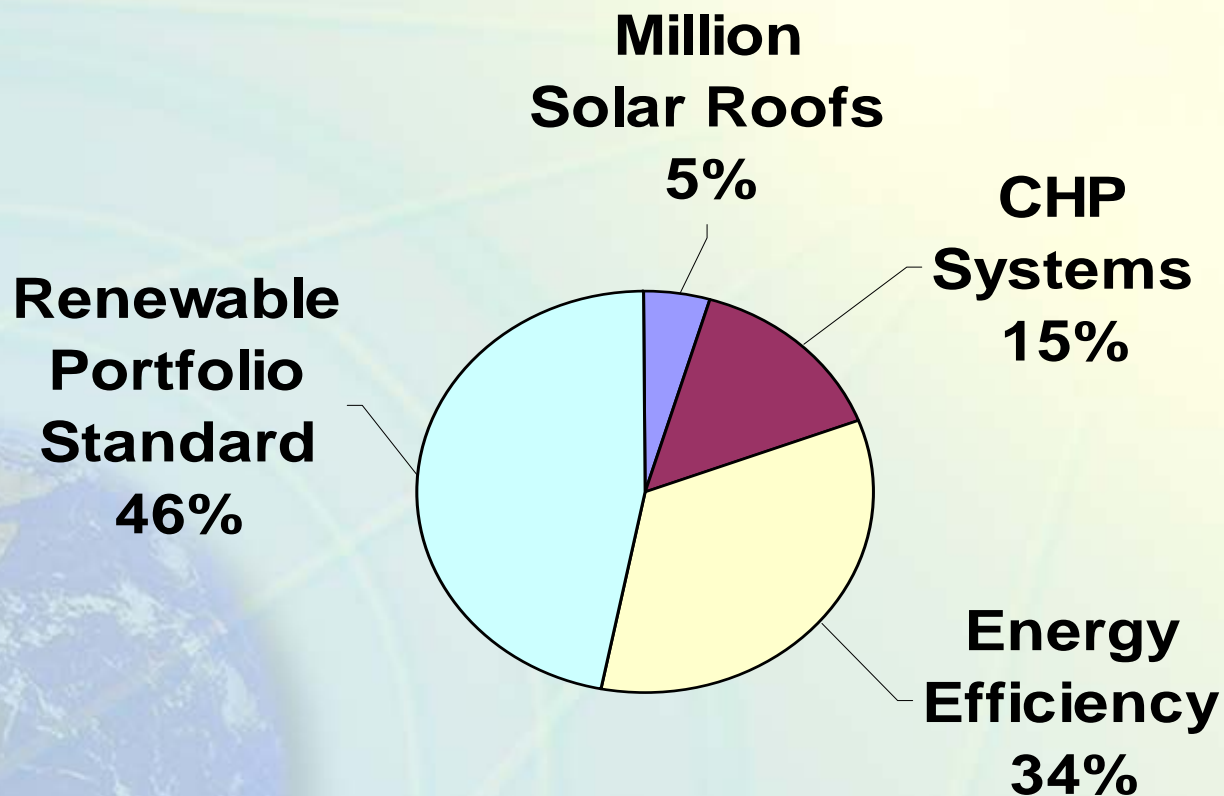


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CHP Scoping Plan Measure:

- **Goal to reduce GHG emissions by 6.7MMT/Yr by 2020**
- **Estimated CHP capacity increase of 4000 MW by 2020**

Electricity Sector Reduction Measures



Total Electricity Sector Reduction
~ 45.3 MMTCO₂E

Coordination with other Entities:

- **California Public Utilities Commission**
- **California Energy Commission**
- **California Independent System Operator**
- **ARB working group participants
(utilities, CHP industry reps, academia,
environmental interests, et. al)**

Recommended CHP Actions

- CPUC/CEC to implement 2007 IEPR recommendations:
- Remove market and regulatory barriers to power export
- Provide incentives/requirements to encourage CHP development (e.g. feed-in-tariffs, utility portfolio standard)
- ARB to provide necessary support to CPUC/CEC to achieve GHG reductions

Other Issues to Consider:

- **Participation & role of POUs**
- **Preserve existing CHP capacity**
- **Alternate standards for GHG reductions**

Potential Cap & Trade Approach

Joint PUC/CEC decision recommends:

- Include electricity generation from larger CHP systems in cap & trade program
- Use the same size threshold applied to other electricity sector deliverers for electricity generated onsite or exported
- Emissions from thermal output may be attributed to commercial or industrial sectors

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